


FROM	NAME & TITLE	Edward J. Gallagher, Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Finance Room 454, City Hall (396-4940)		
	SUBJECT	Fiscal 2010 Post-Adoption Budget Reduction Plan		

DATE: September 17, 2009

TO The Honorable President & Members
of the Board of Estimates
Room 204

Madam President and Members:

ACTION REQUESTED OF THE BOARD OF ESTIMATES:

Authorize by resolution the Implementation of the Fiscal 2010 Employee Furlough Plan, and

Authorize the abolishment of certain positions and terminations of certain employee contracts as identified in Exhibit A.

AMOUNT OF MONEY/SOURCE OF FUNDS:

N/A

BACKGROUND/EXPLANATION:

The combined forecast of both local revenues, estimated at this time to be falling short of budget for the current fiscal year 2010 by at least \$25 million, along with new post-budget adoption State aid reductions in the amount of \$35.2 million as recently approved by the State Board of Public Works will require the City to take immediate action to avoid a budget deficit for Fiscal 2010 as related to the budgets of the General Fund and the Motor Vehicle Fund.

The strategy for closing the budget gap estimated at this time to be \$60.2 million will require several actions and budget adjustments. The primary objectives of the plan will be to minimize employee layoffs and maintain basic services to the extent possible.

The actions and projected savings include the following:

- (a) Maintaining the current budget freeze on hiring - \$20.5 million
- (b) Pay-as-you-go capital project deferrals - \$2.3 million
- (c) Agency spending plan reductions - \$12.9 million
- (d) Employee furlough plan - \$13.5 million
- (e) Use of Fiscal 2009 undesignated fund balances - \$11.0 million

Attached for the Board's consideration and approval is the following:

- (a) Resolution regarding the proposed Employee Furlough Plan, and
- (b) A recommended list of positions to be abolished and employee contracts to be terminated. Agencies terminating employee contracts will give the required notice per the contract provisions.

Approved By the Board of Estimates

September 23, 2009 Bernice A. Taylor
Date Clerk

Fiscal 2010

City of Baltimore

EMPLOYEE FURLOUGH PLAN

WHEREAS, the impact of the recession continues to put pressure on the City's local economy and subsequent diminishing yields of budgeted City revenues that support vital City services, and

WHEREAS, the City already had to make \$65 million in budget reductions from current service levels in order to balance this Fiscal 2010 budget, and

WHEREAS, the City has had to continue a budget freeze immediately upon adoption of the Fiscal 2010 budget due to a continuing forecast of declining local revenues, and

WHEREAS, the State of Maryland in response to the impact of the recession on its budgeted revenues reduced aid to all Maryland counties, including Baltimore City, in an act of the Board of Public Works on August 26, 2009, and

WHEREAS, the combined forecast of both local revenues, estimated at this time to be falling short of budget for the current fiscal year 2010 by at least \$25.0 million, along with the new State aid reductions in the amount of \$35.2 million requires that the City of Baltimore respond by implementing appropriate budget reduction plans in order to avoid a budget deficit for Fiscal 2010 as it relates to the budgets of the General Fund and the Motor Vehicle Fund, and

WHEREAS, it is not possible to achieve reductions in spending of the magnitude necessary without taking some actions that affect City employees, and

WHEREAS, substantial savings may be achieved without undo interruption of City services if City employees are asked and/or required to participate in a carefully managed furlough plan, and

WHEREAS, a carefully managed furlough plan for City employees will minimize the number of employee layoffs that will be necessary to close the budget gap, and

WHEREAS, it is critical to the success of any City employee furlough program that all City employees participate in order to minimize the impact on critical City services and produce an equitable program, and

WHEREAS, the Mayor has recommended a total budget reduction strategy including the continuation of the budget freeze that was initiated in November, 2007 to deal with the continuing decline in revenues, deferral of certain pay-as-you-go capital expenditures, additional agency operating budget reductions, including employee layoffs, utilization of certain fund balances and an employee furlough program, and

BE IT THEREFORE RESOLVED BY THE BALTIMORE CITY BOARD OF ESTIMATES, AS FOLLOWS:

Section 1. The employee furlough plan will include all full time, part time, temporary and contractual City employees, members of the Planning Commission, members of the Board of Municipal Zoning Appeals as well as employees from agencies/quasi-agencies with independent salary setting authority or independent personnel systems, include but not limited to the Baltimore Development Corporation, Parking Authority of Baltimore City and the Office of Promotion and the Arts.

Section 2. The employee furlough plan shall include a combination of designated mandatory furlough days and additional furlough days to be implemented between October 5, 2009 and June 30, 2010 in accordance with the following requirements:

(a) The mandatory furlough days are days on which the City will be officially closed except for certain City operations as noted in sub-section (h) below. These days in which the City will be officially closed are not deemed to be City holidays.

The mandatory furlough days shall be as follows:

Friday, October 9, 2009
Friday, November 27, 2009
Thursday, December 24, 2009
Friday, January 15, 2010
Friday, May 28, 2010

(b) The number of furlough days required by the employee furlough plan is in accordance with the following structure:

Employee Salary Range:	Less than <u>\$50,000</u>	\$50,000 - <u>\$100,000</u>	Greater than <u>\$100,000</u>
Number of days	5	8	10
Number of days – 10 month employees	4	7	9

(c) The mandatory furlough days will constitute the 5 days obligation for those employees earning less than \$50,000. An additional 3 furlough days is to be imposed on the employees earning a salary included in the range of \$50,000 to \$100,000 and an additional 5 days is to be imposed on employees whose salary is in excess of \$100,000.

(d) The pay reduction amount for each permanent full-time employee will be taken in equal amounts for 19 pay periods beginning on October 9, 2009 for those employees in pay Group A and on October 16, 2010 for those employees in pay Group B. Those employees who are paid weekly will have a reduction in pay taken in equal amounts for 38 pay periods beginning October 9, 2009. Pay reduction amounts for part time, temporary and contractual employees will be in accordance with the rules and regulations of the furlough plan.

(e) Exception to (d) above – the Administration is still in discussions with both the Fire unions and the Police unions seeking an agreement on meaningful union employee participation in a budget reducing plan for these public safety units. The Director of Finance will report back to the Board of Estimates on October 21, 2009 with a budget reduction plan necessary and sufficient to meet fully the goals of the Mayor's total budget reduction strategy as noted in the WHEREAS clause above.

(f) The reduction in pay will be taken as an "adjustment to gross pay" and will not reduce the employees' current salary or hourly rate. Therefore there will be no impact on retirement benefits or cash-out rates for accrued leave at termination. Regular overtime rates will be based on current salary, not the reduced amount.

(g) Agency heads, bureau heads and supervisors shall have responsibility to manage the additional employee furlough days in excess of the mandatory furlough days and shall have the authority to designate such employee's furlough days. These additional furlough days shall be implemented over the period October 5, 2009 through June 30, 2010, and the appropriate pay reductions will be spread over the pay periods specified in (d) above.

(h) The functions of solid waste collections, agency units that are involved in support of court operations and related activities and 24/7 operations shall be exempted from the mandatory furlough days as a requirement of this employee furlough plan. However, the required number of furlough days must be administered for each employee in those functions between October 5, 2009 and June 30, 2010 and such records shall be kept to document each employee's required number of furlough days.

(i) No employee may work during scheduled furlough time except that in the event of an emergency or exigent circumstances, the appointing authority may revoke furlough time and the employee shall be paid for the time worked. If furlough time is revoked, the employee must be rescheduled for additional furlough time by the supervisor equivalent to the revoked furlough time.

(j) An employee may not work in excess of the employee's normal workweek reduced by the furlough time taken during such workweeks. Therefore an employee shall not earn overtime pay or compensatory time during a workweek in which furlough time is taken and may not request authorization to work such overtime. Supervisors shall not permit an employee to work overtime during a workweek in which the employee takes furlough time.

(k) Personnel actions such as promotions or reclassifications which occur after September 23, 2009 shall not affect the number of furlough days/hours designated.

(l) An employee who is on leave granted by leave bank, Employee-to-Employee Donated leave, Family and Medical Leave Act-qualifying leave, Accident leave or any other paid leave is included in the employee furlough plan and furlough time shall be scheduled in accordance to the furlough structure.

(m) Furlough time for an employee hired on or after October 5, 2009 is prorated based on the employee's start date.

(n) Furlough time charged to an employee receiving out-of-title pay or in an acting capacity is based on the employee's regular pay, not the out-of-title pay or acting capacity pay.

(o) For leave accrual, an employee on furlough time shall be considered to be on paid leave. The furlough will not affect the retirement credit earned.

(p) For benefits and seniority purposes, an employee on furlough time shall be considered to be on paid leave.

Section 3. The Director of Finance is hereby authorized to formulate and administer any rules and regulations or other procedures to implement this employee furlough plan.

Section 4. The Director of Finance is to report to this Board any material changes in budget projections that in his judgment would or might justify an increase or diminishment of the employee furlough program, and in any event shall report to the Board no later than February 17, 2010 as to the status of budget projections and the potential for a diminishment or termination or other alternatives of the employee furlough program.

Section 5. This resolution of the Board of Estimates shall take effect upon adoption.

APPROVED BY THE BOARD OF ESTIMATES

 
Clerk of the Board of Estimates Date